Atlas Metals

Director's Report

The Directors of your company take pleasure in presenting their report together with the Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2018.

Financial Results

The financial results of your company for the year ended June 30, 2018 under review are summarized as follows:

	2018	2017
	Rupees	
Profit before taxation	563,952,581	497,896,425
Taxation	(104,771,729)	(509,916)
Profit after taxation	459,180,852	497,386,509

Earnings per Share

Basic earnings per share after tax is Rs. 8.35 per share (2017: Rs. 9.04 per share).

Dividend

The Board of Directors did not recommend any dividend because of continuous investments in capital expenditure and long term investment in Atlas Aluminium (Private) Limited.

	2018	2017
	Rupees	
Profit available for appropriation	459,180,852	497,386,509
Dividend	-	-
Un-appropriated profit carried forward	459,180,852	497,386,509

Atlas Metals

Board of Directors

The Board comprises of five directors those are non-executive. All the non-executive directors are independent from management.

During the period two Board meetings were held. The attendance of the directors is as follows:

S. No.	Name of Directors	Meetings Attended
1.	Mr. Yusuf H. Shirazi	2
2.	Mr. Aamir H. Shirazi	1
3.	Mr. Ali H. Shirazi	1
4.	Mr. Bashir Makki	1
5.	Mr. Frahim Ali Khan	2
6.	Mr. Ahmad Zafaryab Ali – CEO	2

For and on behalf of the
Board of Directors

Atlas Metals (Pvt) Ltd.

Ahmad Zafaryab Ali
Chief Executive Officer
September 27, 2018

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AUDITORS' REPORT ON FINANCIAL STATEMENTS OF

ATLAS METALS (PRIVATE) LIMITED

FOR THE YEAR ENDED 30 JUNE 2018

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Atlas Metals (Private) Limited

Report on the Audit of the unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Atlas Metals (Private) Limited** (the Company), which comprises of the unconsolidated statement of financial position as at **30 June 2018**, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, its comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the* unconsolidated *Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises of information included in the Directors' Report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

EY

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Responsibilities of Management and Board of Directors for the unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Arif Nazeer.

Chartered Accountants

Place: Karachi

Date: 5 October 2018

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ATLAS METALS (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**1,314,640,671**	942,846,309
Long-term investment	6	**700,000,000**	300,000,000
Long-term deposits		**5,535,400**	4,712,000
		2,020,176,071	1,247,558,309
CURRENT ASSETS			
Stores, spares and loose tools	7	**103,528,343**	65,731,611
Stock-in-trade	8	**3,275,542,655**	2,583,101,159
Trade debts	9	**603,281,754**	49,619,819
Loans, advances, deposits and other receivables	10	**33,483,156**	52,922,551
Taxation – net		**592,439,491**	396,552,924
Bank balances	11	**3,277,231**	1,035,783
		4,611,552,630	3,148,963,847
		6,631,728,701	4,396,522,156
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
75,000,000 (2017: 75,000,000) ordinary shares of Rs. 10/- each		**750,000,000**	750,000,000
Issued, subscribed and paid-up capital			
55,000,000 (2017: 55,000,000) ordinary shares of Rs. 10/- each fully paid in cash	12	**550,000,000**	550,000,000
Revenue reserve - unappropriated profit		**1,647,951,595**	1,190,561,698
		2,197,951,595	1,740,561,698
NON-CURRENT LIABILITY			
Staff retirement benefits	13	**12,982,502**	11,132,652
Deferred taxation	14	**88,027,706**	-
		101,010,208	11,132,652
CURRENT LIABILITIES			
Trade and other payables	15	**643,817,867**	732,469,001
Short-term borrowings	16	**3,688,949,031**	1,912,358,805
		4,332,766,898	2,644,827,806
CONTINGENCIES AND COMMITMENTS	17		
		6,631,728,701	4,396,522,156

The annexed notes from 1 to 33 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE** **DIRECTOR**

ATLAS METALS (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Turnover – net	18	**11,526,322,441**	8,479,688,930
Cost of sales	19	**(10,624,362,507)**	(7,779,072,980)
Gross profit		**901,959,934**	700,615,950
Administrative and distribution expenses	20	**(77,497,796)**	(66,536,952)
Other expenses	21	**(55,799,297)**	(43,095,140)
Other income	22	**9,023,655**	17,344,974
Finance cost	23	**(213,733,915)**	(110,432,407)
Profit before taxation		**563,952,581**	497,896,425
Taxation – net	24	**(104,771,729)**	(509,916)
Profit for the year		**459,180,852**	497,386,509

The annexed notes from 1 to 33 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE** **DIRECTOR**

ATLAS METALS (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Profit for the year		**459,180,852**	497,386,509
Other comprehensive loss			
Actuarial loss recognised during the year	15.2.1	**(1,790,955)**	(123,451)
Total comprehensive income for the year		**457,389,897**	497,263,058

The annexed notes from 1 to 33 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE** **DIRECTOR**

ATLAS METALS (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**563,952,581**	497,896,425
Adjustments:			
Depreciation	5.2	**98,301,803**	82,744,590
Provision for gratuity	15.2.2	**863,213**	759,452
Accrual for compensated absences	13.1	**5,496,954**	3,642,148
Exchange loss – net	21	**8,363,076**	1,215,520
Finance cost	23	**211,344,836**	110,432,407
Gain on redemption of short-term investments		**-**	(2,594,820)
		324,369,882	196,199,297
Operating profit before working capital changes		**888,322,463**	694,095,722
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		**(37,796,732)**	(14,488,363)
Stock-in-trade		**(692,441,496)**	(655,174,510)
Trade debts		**(553,661,935)**	(49,619,819)
Loans, advances, deposits and other receivables		**19,439,395**	(41,668,618)
		(1,264,460,768)	(760,951,310)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(127,521,167)**	415,067,409
Cash (used in) / generated from operating activities		**(503,659,472)**	348,211,821
Income taxes paid		**(212,630,590)**	(206,724,525)
Finance cost paid		**(182,609,144)**	(108,911,352)
Compensated absences paid	13.1	**(3,647,104)**	(1,739,152)
Contributions to gratuity fund	15.2.4	**(882,903)**	(1,014,843)
Long-term deposits – net		**(823,400)**	(3,012,000)
Net cash (used in) / generated from operating activities		**(904,252,613)**	26,809,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating fixed assets	5.1	**(151,290,990)**	(153,694,191)
Additions to capital work-in-progress	5.4.1	**(326,864,474)**	(114,182,492)
Long-term investments made		**(400,000,000)**	(300,000,000)
Proceeds against disposal of operating fixed assets		**8,059,299**	84,776
Short-term investments redeemed		**-**	21,519,517
Net cash used in investing activities		**(870,096,165)**	(546,272,390)
Net decrease in cash and cash equivalents		**(1,774,348,778)**	(519,462,441)
Cash and cash equivalents at the beginning of the year		**(1,911,323,022)**	(1,391,860,581)
Cash and cash equivalents at the end of the year	25	**(3,685,671,800)**	(1,911,323,022)

The annexed notes from 1 to 33 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE** **DIRECTOR**

ATLAS METALS (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Revenue reserve	
	Issued, subscribed and paid-up capital	Unappropriated profit	Total equity
	---------- Rupees ----------		
As at June 30, 2016	550,000,000	693,298,640	1,243,298,640
Profit for the year	-	497,386,509	497,386,509
Other comprehensive loss	-	(123,451)	(123,451)
Total comprehensive income for the year	-	497,263,058	497,263,058
As at June 30, 2017	**550,000,000**	**1,190,561,698**	**1,740,561,698**
Profit for the year	-	**459,180,852**	**459,180,852**
Other comprehensive loss	-	**(1,790,955)**	**(1,790,955)**
Total comprehensive income for the year	-	**457,389,897**	**457,389,897**
As at June 30, 2018	**550,000,000**	**1,647,951,595**	**2,197,951,595**

The annexed notes from 1 to 33 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE** **DIRECTOR**

1. CORPORATE AND GENERAL INFORMATION

1.1. Legal status and operations

Atlas Metals (Private) Limited (the Company) was incorporated in Pakistan as a Private Limited Company on September 18, 2012 under the repealed Companies Ordinance, 1984 (the Ordinance). The principal activity of the Company is the recycling of ferrous and non-ferrous metals, alloys, polymers and papers. The registered office of the Company is situated at 2nd floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi, Pakistan. The geographical location and address of the factory of the Company is 15th Mile, National Highway, Landhi, Karachi.

Atlas Autos (Private) Limited (the Holding Company) holds 100 percent shareholding of the Company and consequently, Shirazi Investments (Private) Limited is the ultimate holding company of the Company.

These unconsolidated financial statements (the financial statements) are separate financial statements of the Company in which investment in subsidiary is accounted for at cost less accumulated impairment losses, if any. In addition, the Company prepares consolidated financial statements. The consolidated financial statements comprise of companies financial statements and its 100% wholly owned subsidiary - Atlas Aluminium (Private) Limited

1.2. Following are the related parties with whom the Company had entered into transactions during the year or have arrangement / agreement in place:

The Holding Company

- Shirazi Investments (Private) Limited - The Ultimate Parent Company
- Atlas Autos (Private) Limited - 100% shares held in the Company

The Subsidiary Company

- Atlas Aluminium (Private) Limited - 100% shares held by the Company

Associated Companies - Common Directorship with Nil Shareholdings

- Atlas Asset Management Limited
- Atlas Battery Limited
- Atlas Die Casting (Private) Limited
- Atlas Engineering (Private) Limited
- Atlas Foundation
- Atlas Global FZE * (incorporated in Dubai, UAE)
- Atlas Hitec (Private) Limited
- Atlas Honda Limited
- Atlas Insurance Limited
- Atlas Power Limited
- Honda Atlas Cars (Pakistan) Limited
- Shirazi Trading Company (Private) Limited

Associated Companies - Group Companies

- Atlas Worldwide General Trading [L.L.C] ** (incorporated in Dubai, UAE)
- Honda Atlas Power Product (Private) Limited

Foreign Associates

*-The registered address of Atlas Global FZE (AG) is Office 323, Block-B, Techno Park Building, Sheikh Mohammed Bin Zayed Road Dubai, United Arab Emirates.

**- The registered address of Atlas Worldwide General Trading (L.L.C) (AWWT) is Office 311, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, United Arab Emirates.

1.3. Significant transactions and events effecting the Company's financial position and performance

The following are significant events and transactions during the year.

- The Companies Act, 2017 (the Act) has been promulgated. Accordingly, the Company's unconsolidated financial statements for the year ended June 30, 2018 have been prepared in accordance with approved accounting standards as applicable in Pakistan. (Refer to note 2.1)

- During the year the Company has further invested Rs. 400 million i.e. 40 million ordinary shares of Rs. 10 each in a 100% owned subsidiary i.e. Atlas Aluminium (Private) Limited. (Refer to note 6)

2. BASIS OF PREPARATION

2.1. Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of and directives of the Companies Act, 2017, shall prevail.

The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional / amended disclosures including additional disclosure requirements for related parties (refer to note 27) and change in threshold for identification of executives for note on their remuneration (refer to note 28) etc.

2.2. Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for staff gratuity which is stated at present value.

2.3. Functional and presentation currency

These unconsolidated financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.

2.4. New standards or amendments / interpretation to existing Standard, and new interpretations

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as described below:

2.4.1. New and Revised Standards

The Company has adopted the following new and revised standards to IFRSs which became effective for the current year:

IAS 7 – Statement of Cash Flows – Disclosure Initiative (Amendment)
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealised losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on the unconsolidated financial statements.

2.4.2. Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 - Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 - Financial Instruments	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRS 16 - Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS-15 – Revenue from Contracts with Customers. The Company is currently evaluating the impact of this Standard on the unconsolidated financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the International Accounting Standards Board (IASB) in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB Effective date (accounting periods beginning on or after)
IFRS – 14	Regulatory Deferral Accounts	January 01, 2016
IFRS – 17	Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the unconsolidated statement of profit or loss using the reducing balance method. Depreciation on additions during the year is charged from the month when the asset is available for use whereas, depreciation on disposals is not charged in the month in which the disposal takes place.

Major renewals and improvements for assets are capitalised and the assets so replaced, if any, are retired. Maintenance and normal repairs are charged to the unconsolidated statement of profit or loss as and when incurred. Assets' residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is charged to unconsolidated statement of profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets when they are available for use.

3.2. Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of the investment is adjusted accordingly.

The gain or loss on disposal of an interest in subsidiary, represented by the difference between the sale proceeds and the carrying amount of investment, is recognised as an income or expense in the unconsolidated statement of profit or loss in the period of disposal.

3.3. Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realisable value. The cost of stores, spares and loose tools is based on weighted average cost. Items-in-transit are stated at cost accumulated up to the reporting date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items, if any.

3.4. Stock-in-trade

Stock-in-trade is valued at lower of cost and net realisable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated up to the reporting date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

Net realisable value is the estimated selling price in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

3.5. Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short-term profit taking are classified as investments at fair value through profit or loss. All transaction costs are recognised directly in the unconsolidated statement of profit or loss. These are stated at fair values with any resulting gains or losses recognised directly in the unconsolidated statement of profit or loss.

3.6. Impairment of assets

Financial assets

A financial asset or a group of financial assets is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset or a group of financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company considers evidence of impairment for receivables and other financial assets at specific asset levels. Losses are recognised as an expense in the unconsolidated statement of profit and loss. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the unconsolidated statement of profit and loss.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then an asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as an expense in the unconsolidated statement of profit and loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. The fair value less costs to sell calculation is based on the available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.7. Loans, advances, deposits and other receivables

These are stated at cost less impairment, if any.

3.8. Provisions

Provisions if any, are recognised when:

a) the Company has a present obligation (legal or constructive) as a result of past events;
b) it is probable that an outflow of resources will be required to settle the obligation; and
c) a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.9. Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales tax. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.
Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer.

Return on bank deposits is accrued on an effective interest rate method.

Other income is recognised on accrual basis.

3.10. Taxation

The income of the Company from its industrial undertaking falls under "Tax Credit for newly established industrial undertakings" of the Income Tax Ordinance, 2001 and therefore qualifies for tax credit equal to hundred percent of the tax payable, including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance on the taxable income for a period of five years i.e. from the tax year 2014 to the tax year 2018. Accordingly, no provision for current taxation is required to be made on the income of the Company from its industrial undertaking in these unconsolidated financial statements. However, provision for current taxation is made on the income other than from industrial undertaking.

3.11. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using statement of financial position liability method. It is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A deferred tax liability is recognised for all taxable temporary differences as at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.12. Staff retirement benefits

3.12.1. Defined benefit plan

The Company operates a funded gratuity scheme for its permanent employees. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2018. The amounts arising as a result of remeasurements are recognised comprehensive income in the periods in which they occur. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

3.12.2. Defined contribution plan

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund at the rate of 11% by the employees and the Company in accordance with the rules of the scheme.

Employees are given option to transfer the complete amount or any portion thereof standing to credit of his accumulated balance in the Fund, to any of the Voluntary Pension Schemes managed by the Atlas Asset Management Company Limited, an associated company under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund by a request to the Trustees of fund, in writing.

As of the reporting date, no eligible employee falls under provident fund as during the year all the eligible employees have opted to transfer the complete balance to voluntary pension schemes managed by the Atlas Management Company Limited. Further, the size of the provident fund as at the year-end amounted to Rs.421,001 (2017: Rs.407,783) which are placed in deposit accounts.

3.13. Compensated absences

The Company provides a facility to its eligible employees for accumulating their annual earned leave under an unfunded scheme. Accruals are made to cover the obligation under the scheme on annual basis and are charged to the unconsolidated statement of profit or loss. Accrual for compensated absences is calculated on the basis of one month's gross salary. The amount of liability recognised in the unconsolidated statement of financial position is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

3.14. Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. Exchange gains and losses are recognised in the unconsolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.15. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument; the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Company derecognises the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognises the regular way purchase or sale of financial assets using settlement date accounting.

3.16. Trade and other payables

Trade and other payables are recognised and carried at original invoice amount / cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.17. Trade and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

3.18. Cash and cash equivalents

Cash and cash equivalent are carried in the unconsolidated statement of financial position at cost and are defined as cash in hand, cash at banks and short term highly liquid investments, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. For the purpose of unconsolidated statement of cash flows, cash and cash equivalents consist of cash in hand and balances in bank net of short term running finance, if any.

3.19. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated statement of financial position, if the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

3.20. Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the year in which these are approved. However, if these are approved after the reporting date but before the unconsolidated financial statements are authorised for issue they are disclosed to the notes to the unconsolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and disclosed in respective notes to these unconsolidated financial statements. Revisions to accounting estimates are recognised in the year in which the estimates are revised.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

	Note
determining the residual values, useful lives and impairment of property, plant and equipment	3.1
impairment of financial and non-financial assets	3.6
provision for slow moving stores, spares and loose tools and stock-in-trade	3.3 & 3.4
provision for doubtful debts and other receivables	3.17
provision of taxation and deferred tax	3.10 & 3.11
provision of compensated absences	3.13

	Note	2018 Rupees	2017 Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**920,443,500**	828,663,817
Capital work-in-progress	5.4	**394,197,171**	114,182,492
		1,314,640,671	942,846,309

5.1. Operating fixed assets

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at July 01, 2017	Additions / *transfers	Disposals	As at June 30, 2018	As at July 01, 2017	Charge for the year (note 5.2)	On Disposals	As at June 30, 2018	As at June 30, 2018	Depreci -ation %
	(Rupees)									
Leasehold improvements	190,293,925	70,243,529 *38,229,233	-	298,766,687	54,193,368	22,613,521	-	76,806,889	221,959,798	10
Plant and machinery	676,885,566	10,603,399 * 5,995,073	-	693,484,038	110,126,118	57,618,393	-	167,744,511	525,739,527	10
Furniture and fixtures	1,850,837	1,360,000	-	3,210,837	475,589	262,201	-	737,790	2,473,047	10
Vehicles	33,868,892	46,516,325 * 2,608,314	(14,060,718)	68,932,813	12,472,660	6,927,451	(6,039,317)	13,360,794	55,572,019	20
Electric fittings	56,282,433	-	-	56,282,433	15,184,915	4,109,752	-	19,294,667	36,987,766	10
Gas installations	27,603,946	6,872,587	-	34,476,533	7,810,776	2,036,589	-	9,847,365	24,629,168	10
Office equipments	5,226,995	1,414,231	-	6,641,226	1,341,806	432,410	-	1,774,216	4,867,010	10
Computerised weighbridge	2,397,000	1,100,000	-	3,497,000	748,622	174,005	-	922,627	2,574,373	10
Computers	4,087,829	164,465	(75,000)	4,177,294	2,337,534	533,088	(37,102)	2,833,520	1,343,774	30
Generators	29,573,192	-	-	29,573,192	9,075,877	2,049,732	-	11,125,609	18,447,583	10
Laboratory equipment	16,270,911	13,016,454 * 17,175	-	29,304,540	1,910,444	1,544,661	-	3,455,105	25,849,435	10
2018	1,044,341,526	151,290,990 * 46,849,795	(14,135,718)	1,228,346,593	215,677,709	98,301,803	(6,076,419)	307,903,093	920,443,500	

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at July 01, 2016	Additions	Disposals	As at June 30, 2017	As at July 01, 2016	Charge for the year (note 5.2)	On Disposals	As at June 30, 2017	As at June 30, 2017	Depreci -ation %
	(Rupees)									
Leasehold improvements	190,293,925	-	-	190,293,925	39,071,084	15,122,284	-	54,193,368	136,100,557	10
Plant and machinery	530,579,629	146,305,937	-	676,885,566	59,303,996	50,822,122	-	110,126,118	566,759,448	10
Furniture and fixtures	1,850,837	-	-	1,850,837	322,783	152,806	-	475,589	1,375,248	10
Vehicles	28,785,437	5,183,192	(99,737)	33,868,892	7,770,354	4,717,267	(14,961)	12,472,660	21,396,232	20
Electric fittings	56,282,433	-	-	56,282,433	10,618,523	4,566,392	-	15,184,915	41,097,518	10
Gas installations	26,977,480	626,466	-	27,603,946	5,617,335	2,193,441	-	7,810,776	19,793,170	10
Office equipments	5,139,195	87,800	-	5,226,995	910,932	430,874	-	1,341,806	3,885,189	10
Computerised weighbridge	2,397,000	-	-	2,397,000	565,469	183,153	-	748,622	1,648,378	10
Computers	3,047,033	1,040,796	-	4,087,829	1,650,206	687,328	-	2,337,534	1,750,295	30
Generators	29,573,192	-	-	29,573,192	6,798,396	2,277,481	-	9,075,877	20,497,315	10
Laboratory equipment	15,820,911	450,000	-	16,270,911	319,002	1,591,442	-	1,910,444	14,360,467	10
2017	890,747,072	153,694,191	(99,737)	1,044,341,526	132,948,080	82,744,590	(14,961)	215,677,709	828,663,817	

*Represents transferred from capital work-in-progress.

	Note	2018 Rupees	2017 Rupees
5.2. Allocation of depreciation charge:			
Cost of sales	19	**95,660,621**	80,554,119
Administrative and distribution expenses	20	**2,641,182**	2,190,471
		98,301,803	82,744,590

5.3. Details of operating fixed assets disposals having net book value in excess of Rs. 500,000 are as follows:

Vehicles	Mode of Sale	Cost	Accumulated depreciation	Net book value	Gain on disposal	Sale proceeds	Particular of buyers
		(Rupees)					
Honda Civic	Transfer due to transfer of employee	2,329,000	232,900	2,096,100	-	2,096,100	Atlas Aluminium (Private) Limited
Honda Civic	Company Policy	2,074,000	1,294,339	779,661	-	779,661	Mr. Jawaid Iraqi - Employee
Honda Civic	Company Policy	2,007,000	1,006,176	1,000,824	-	1,000,824	Mr. Fida H. Zahid – Employee
Honda City	Company Policy	1,647,000	939,361	707,639	-	707,639	Mr. Salim Ahmed – Ex-employee
Honda City	Company Policy	1,550,500	636,738	913,762	-	913,762	Mr. Ammar Ali Shaikh – Ex-employee
Suzuki Cultus	Company Policy	1,250,000	145,833	1,104,167	-	1,104,167	Mr. Ghalib Hussain – Ex-employee
June 30, 2018		10,857,500	4,255,347	6,602,153	-	6,602,153	
June 30, 2017		-	-	-	-	-	

	Note	2018 Rupees	2017 Rupees
5.4. Capital work-in-progress:			
Leasehold Improvements		**210,378,332**	59,903,613
Plant and machinery		**154,696,588**	51,653,390
Furniture and fixtures		**10,585,504**	-
Vehicles		**7,348**	2,608,314
Electric installations		**18,529,399**	-
Laboratory equipment		**-**	17,175
	5.4.1	**394,197,171**	114,182,492

	Note	2018 Rupees	2017 Rupees
5.4.1. Movement in capital work-in-progress is as follows:			
Balance as at July 01		**114,182,492**	-
Advances for capital expenditures		**326,864,474**	114,182,492
Transferred to operating fixed assets	5.1	**(46,849,795)**	-
Balance as at June 30		**394,197,171**	114,182,492

6. LONG-TERM INVESTMENT

Investment in subsidiary - at cost			
Atlas Aluminium (Private) Limited			
70,000,000 (2017: 30,000,000) ordinary shares of Rs. 10 each	6.1	**700,000,000**	300,000,000

6.1. During the year ended June 30, 2018, the Company has further invested Rs.400 million i.e. 40 million ordinary shares of Rs. 10 each in a 100% owned subsidiary i.e. Atlas Aluminium (Private) Limited.

6.2. The investment in associated companies or undertakings have been made in accordance with the requirements under the Act.

	Note	2018 Rupees	2017 Rupees
7. STORES, SPARES AND LOOSE TOOLS			
In hand		**91,266,325**	63,130,264
In transit		**12,262,018**	2,601,347
		103,528,343	65,731,611
8. STOCK-IN-TRADE			
Raw material			
In hand		**2,522,143,384**	2,353,395,667
In transit		**241,091,730**	112,518,769
		2,763,235,114	2,465,914,436
Work-in-process		**185,650,739**	86,124,985
Finished goods		**326,656,802**	31,061,738
		3,275,542,655	2,583,101,159
9. TRADE DEBTS - unsecured			
Considered good	9.1 & 9.2	**603,281,754**	49,619,819

9.1. Includes an amount of Rs.591.696 million (2017: Rs.31.958 million) due from Atlas Battery Limited - a related party and the maximum aggregate amount from related party at the end of any month during the year was Rs.601.086 million (2017: Rs.340.175 million).

9.2. The ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			1 - 30 days	31 – 60 days	61 – 90 days	over 90 days
	----------	----------	(Rupees)	----------	----------	----------
Atlas Battery Limited	**591,696,021**	**589,429,438**	**2,266,583**	-	-	-
Others	**11,585,733**	-	**11,585,733**	-	-	-
June 30, 2018	**603,281,754**	**589,429,438**	**13,852,316**	-	-	-
June 30, 2017	49,619,819	49,619,819	-	-	-	-

	Note	2018 Rupees	2017 Rupees
10. LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Loan to employees – considered good	10.1	**697,640**	740,754
Advances to suppliers		**17,649,626**	7,338,082
Sales tax receivable		**-**	36,969,624
Trade deposits		**15,135,890**	7,874,091
		33,483,156	52,922,551

10.1. Represents interest free loan to employees for the purchase of motor vehicles in accordance with the Company's policy. These loans are secured against the outstanding balance of compensated absences and gratuity and are recoverable in monthly installments.

	Note	2018 Rupees	2017 Rupees
11. BANK BALANCES			
Current accounts		**3,272,061**	1,028,547
Deposit accounts	11.1	**5,170**	7,236
		3,277,231	1,035,783

11.1. These carry profit rates ranging from 3.75% to 5.5% (2017: 3% to 6%) per annum.

12. SHARE CAPITAL

As at 30 June 2018, the Atlas Autos (Private) Limited held 54,999,995 ordinary shares of Rs. 10/- each aggregating to Rs.549,999,950 constituting 99.99% of ordinary share capital and remaining shares pertains with 5 nominee directors carrying each share for qualification as a Director. Voting rights, board selection and similar rights pertains with the Holding Company.

	Note	2018 Rupees	2017 Rupees
13. STAFF RETIREMENT BENEFITS			
Accrual for compensated absences	13.1	**12,982,502**	11,132,652
13.1. Accrual for compensated absences – movement in liability:			
Balance as at July 01		**11,132,652**	9,229,656
Charge for the year		**5,496,954**	3,642,148
Payments made during the year		**(3,647,104)**	(1,739,152)
Balance as at June 30		**12,982,502**	11,132,652

14. DEFERRED TAXATION

This comprises of the following:

Deferred tax liability on taxable temporary differences:		
Accelerated tax depreciation	**91,792,631**	-
Deferred tax asset on deductible temporary differences:		
Provision	**(3,764,925)**	-
	88,027,706	-

	Note	2018 Rupees	2017 Rupees
15. TRADE AND OTHER PAYABLES			
Trade creditors		**426,763,062**	347,005,174
Amount due to related parties	15.1	**3,060,037**	275,279,431
Staff gratuity payable	15.2	**2,654,168**	882,903
Accrued liabilities		**58,640,296**	24,985,894
Bonus payable		**7,070,051**	19,279,416
Sales tax payable		**53,316,346**	-
Withholding tax payable		**7,459,880**	6,178,796
Provisions	15.3	**38,883,823**	18,158,673
Workers' Profits Participation Fund	15.4	**31,147,265**	27,076,315
Workers' Welfare Fund	15.5	**13,370,752**	11,804,545
Other liabilities		**1,452,187**	1,817,854
		643,817,867	732,469,001

15.1. Represents amount payable to the following related parties:

	Note	2018 Rupees	2017 Rupees
Atlas Battery Limited		-	202,370,578
Atlas Global FZE		-	58,784,929
Atlas Engineering Limited		-	13,349,352
Atlas Insurance Limited		**2,048,991**	758,239
Shirazi Trading Company (Private) Limited		**1,011,046**	16,333
		3,060,037	275,279,431

15.2. Staff gratuity - reconciliation of obligation as at year end:

Present value of defined benefit obligation	15.2.3	**15,175,811**	10,092,505
Fair value of plan assets	15.2.4	**(10,350,777)**	(9,209,602)
Liability transferable to other group Companies		**(2,170,866)**	-
		2,654,168	882,903

15.2.1. Movement in liability:

Balance as at July 01		**882,903**	1,014,843
Charge for the year in statement of profit or loss account	15.2.2	**863,213**	759,452
Actuarial loss charged to other comprehensive income		**1,790,955**	123,451
Contributions made during the year		**(882,903)**	(1,014,843)
Balance as at June 30		**2,654,168**	882,903

15.2.2. Charge for the year:

Current service cost	**797,295**	671,034
Interest cost – net	**65,918**	88,418
	863,213	759,452

15.2.3. Movement in defined benefit obligation:

Balance as at July 01	**10,092,505**	8,294,930
Current service cost	**797,295**	671,034
Interest cost	**798,037**	613,551
Liability recognised in respect of transferees	**2,170,866**	-
Benefits paid during the year	**-**	-
Actuarial loss charged to other comprehensive income	**1,317,108**	512,990
Balance as at June 30	**15,175,811**	10,092,505

	2018 Rupees	2017 Rupees
15.2.4. Movement in fair value of plan assets:		
Balance as at July 01	**9,209,602**	6,792,314
Expected return on assets during the year	**732,119**	525,133
Contributions made during the year	**882,903**	1,014,843
Benefits paid during the year	-	-
Transfer of assets in respect of transferees	-	487,773
Actuarial (loss) / gain charged to other comprehensive income	**(473,847)**	389,539
Balance as at June 30	**10,350,777**	9,209,602

	2018 Percentage	2017 Percentage
15.2.5. Principal actuarial assumptions:		
Discount rate	**9%**	8%
Expected per annum rate of increase in future salaries	**12%**	12%

	2018		2017	
	Rupees	%	Rupees	%
15.2.6. Plan assets comprise the following:				
Debt	**5,023,599**	**49%**	4,334,499	47%
Mutual funds	-	**0%**	4,869,899	53%
Equity instruments	**5,309,131**	**51%**	-	0%
Cash	**18,047**	**0%**	5,204	0%
	10,350,777	**100%**	9,209,602	100%

15.2.7. The investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

15.3. Provisions

	Opening Balance	Charge for the year	Payments made during the year	Closing Balance
	---------- (Rupees) ----------			
Gas infrastructure development cess	**10,031,110**	**9,198,379**	-	**19,229,489**
OGRA gas tariff difference	**8,127,563**	**11,526,771**	-	**19,654,334**
June 30, 2018	**18,158,673**	**20,725,150**	-	**38,883,823**
Gas infrastructure development cess	3,500,000	6,531,110	-	10,031,110
OGRA gas tariff difference	-	8,127,563	-	8,127,563
June 30, 2017	3,500,000	14,658,673	-	18,158,673

	2018 Rupees	2017 Rupees
15.4. Workers' Profits Participation Fund		
Balance as at July 1	**27,076,315**	19,331,169
Charge for the year	**30,287,464**	26,739,873
Interest on the funds utilised in the Company's businesses	**523,359**	336,442
	57,887,138	46,407,484
Amount paid during the year	**(26,739,873)**	(19,331,169)
Balance as at June 30	**31,147,265**	27,076,315

15.4.1. The audit of WPPF fund of the Company is in process.

	Note	2018 Rupees	2017 Rupees
15.5. Workers' Welfare Fund			
Balance as at July 1		**11,804,545**	7,345,844
Charge for the year	21	**11,509,236**	10,161,152
		23,313,781	17,506,996
Amount paid during the year		**(9,943,029)**	(5,702,451)
Balance as at June 30		**13,370,752**	11,804,545
16. SHORT-TERM BORROWINGS - secured			
Banking Companies			
Running finance facilities utilised under mark-up arrangements	16.1	**934,285,048**	26,386,165
Money market facilities utilised under mark-up arrangements	16.1	**2,020,000,000**	1,250,000,000
Islamic financing	16.2	**734,663,983**	635,972,640
		3,688,949,031	1,912,358,805

16.1. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 3 months KIBOR plus 0.05% to 6 months KIBOR plus 0.5% per annum (2017: 1 month KIBOR plus 0.05% to 6 months KIBOR plus 0.5% per annum). These facilities expire on various dates, latest by March 31, 2019. The aggregate facilities from various banks amounted to Rs.4,000 million (2017: Rs.2,400 million) of which Rs.1,045.72 million (2017: Rs.1,123.61 million) remain unutilised as at the reporting date.

16.2. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 1 month KIBOR plus 0.3% to 3 months KIBOR plus 0.3% per annum (2017: 1 month KIBOR plus 0.3% to 3 months KIBOR plus 0.3% per annum). These facilities expire on various dates, latest by December 31, 2018. The aggregate facilities for Istisna, Murabaha and Musharika finance available from various banks as at June 30, 2018 amounted to Rs.1,400 million (2017: Rs.1,100 million) of which Rs.665.336 million (2017: Rs.464.027 million) remain unutilised as at the reporting date.

17. CONTINGENCIES AND COMMITMENTS

17.1. Contingencies

17.1.1. Income tax

For the tax year 2017, the company has filed income tax return declaring income of Rs.467,877,250 on which tax liability of Rs.143,875,802 was worked out. Against the above tax liability, 100% tax credit under section 65D of the Income Tax Ordinance, 2001 (the Ordinance) was claimed. Further, a refund of Rs. 196,640,441 was claimed in the return of income.

Subsequently, the taxation authorities passed an amended assessment order whereby disallowances on account of utilities and support services expense aggregating to Rs.67,999,909 were made. Consequently, income of the company for the year was assessed at Rs.535,910,072 on which tax amounting to Rs.166,509,341 was worked out. Against the above tax liability, tax credit under section 65D was duly allowed. However, since the amended income for the year exceeded 500 million rupees, super tax under section 4B of the Ordinance was levied amounting to Rs.16,077,302 which was duly paid.

The company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the disallowances made in the above order and the management of the company is confident that the issues will be decided in its favor and as a result the assessed income would be less than Rs. 500 million. Accordingly, no charge for prior year in respect of the aforesaid super tax liability has been booked in the financial statements.

17.1.2. Sales tax

1) During the year on 13 June 2018, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from July 2016 to June 2017, stating that the Company has claimed excess input tax on purchases of "78-b-Reclaimed Lead" at the rate of 17% instead of 5% amounting to Rs. 140,555,962. The Company submitted its response dated June 30, 2018 stating that the purchases were of "lead scrap" instead of "78-b-Reclaimed Lead" which is subject to 17% sales tax. However, the Company has not received any sales tax demand order from the ACIR.

2) During the year, the Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company dated December 26, 2017 for the tax period from July 2015 to January 2017 in respect of input tax claimed on inadmissible supplies and input tax claimed in excess of output declared by the suppliers amounting to Rs. 30,164,508 and Rs. 1,933,200 respectively. The Company has submitted its reply and the Company has not received any sales tax demand from ACIR.

In respect of the aforementioned matters, the Company, based on the advice of the tax advisor, is confident that the ultimate outcome will be in favor of the Company. Accordingly, no provision has been recorded in theses unconsolidated financial statements.

	2018 Rupees	2017 Rupees
17.2. Commitments		
Letter of credit:		
Availed	**372,672,034**	99,470,740
Limit	**2,100,000,000**	2,100,000,000

17.2.1. The aforesaid letter of credit facility is secured by way of lien over import documents.

	Note	2018 Rupees	2017 Rupees
18. TURNOVER - net			
Gross sales		**13,485,797,256**	9,921,236,048
Sales tax		**(1,959,474,815)**	(1,441,547,118)
		11,526,322,441	8,479,688,930
19. COST OF SALES			
Raw material consumed	19.1	**9,895,742,066**	6,715,747,099
Stores, spares and loose tools consumed	19.2	**333,709,924**	198,179,137
Staff salaries, wages and other benefits	19.3	**99,343,073**	70,633,367
Utilities	19.4	**225,623,956**	161,185,733
Rent	19.5	**183,644,762**	144,009,609
Repair and maintenance		**28,727,213**	48,949,907
Insurance	19.6	**67,255,943**	45,689,292
Legal and professional charges		**15,769,492**	3,561,724
Support services	19.7	**10,800,000**	10,800,000
Travelling and conveyance		**13,585,564**	9,235,777
Cartage		**24,138,902**	6,364,811
Health, safety and environmental costs		**21,559,315**	13,834,509
Depreciation	5.2	**95,660,621**	80,554,119
Miscellaneous		**3,922,494**	2,143,357
		11,019,483,325	7,510,888,441
Work-in-process – opening balance	8	**86,124,985**	300,608,864
Work-in-process – closing balance	8	**(185,650,739)**	(86,124,985)
Cost of goods manufactured		**10,919,957,571**	7,725,372,320
Finished goods – opening balance	8	**31,061,738**	84,762,398
Finished goods – closing balance	8	**(326,656,802)**	(31,061,738)
		10,624,362,507	7,779,072,980

	Note	2018 Rupees	2017 Rupees
19.1. Raw material consumed:			
Balance as at July 1	8	**2,353,395,667**	1,477,837,028
Purchases		**10,064,489,783**	7,591,305,738
Balance as at June 30	8	**(2,522,143,384)**	(2,353,395,667)
		9,895,742,066	6,715,747,099
19.2. Stores, spares and loose tools consumed:			
Balance as at July 1	7	**63,130,264**	37,933,944
Purchases		**361,845,985**	223,375,457
Balance as at June 30	7	**(91,266,325)**	(63,130,264)
		333,709,924	198,179,137

19.3. Includes Rs. 0.675 million and Rs. 3.870 million (2017: Rs. 0.342 million and Rs. 2.734 million) in respect of provision for gratuity and accrual for compensated absences, respectively.

19.4. Includes Rs. 85.117 million (2017: Rs. 57.199 million) paid to Atlas Engineering Limited – a related party in respect of reimbursement of utilities.

19.5. This includes Rs. 76.626 million (2017: Rs. 76.957 million) paid to Atlas Engineering Limited – a related party and Rs. 76.338 million (2017: Rs. 66.411 million paid to Shirazi Investments (Private) Limited – a related party.

19.6. Represents amount paid to Atlas Insurance Limited - a related party.

19.7. Represents services provided by Atlas Engineering Limited - a related party in respect of security, human resource, admin facilities and power generation.

	Note	2018 Rupees	2017 Rupees
20. ADMINISTRATIVE AND DISTRIBUTION EXPENSES			
Staff salaries, wages and other benefits	20.1	**46,619,038**	41,865,282
Freight charges		**17,806,831**	13,034,157
Legal and professional charges		**1,624,943**	865,913
Communication		**1,983,228**	1,713,054
Travelling and conveyance		**2,397,452**	1,629,843
Printing and stationery		**396,954**	559,511
Auditors' remuneration	20.2	**1,074,280**	1,055,500
Advertising expenses		**588,860**	1,005,300
Depreciation	5.2	**2,641,182**	2,190,471
Miscellaneous		**2,365,028**	2,617,921
		77,497,796	66,536,952

20.1. Includes Rs. 0.825 million and Rs. 1.627 million (2017: Rs. 0.418 million and Rs. 0.908 million) in respect of provision for gratuity and accrual for compensated absences, respectively.

	Note	2018 Rupees	2017 Rupees
20.2. Auditors' remuneration			
Statutory audit fee		**1,000,000**	1,000,000
Out of pocket expenses		**74,280**	55,500
		1,074,280	1,055,500

	Note	2018 Rupees	2017 Rupees
21. OTHER EXPENSES			
Workers' Profit Participation Fund (WPPF)		**30,287,464**	26,739,873
Workers' Welfare Fund (WWF)		**11,509,236**	10,161,152
Donations	21.1	**5,639,521**	4,978,595
Exchange loss – net		**8,363,076**	1,215,520
		55,799,297	43,095,140

21.1. Represents donations made to the Atlas Foundation – a related party.

	Note	2018 Rupees	2017 Rupees
22. OTHER INCOME			
Income from financial assets:			
Gain on redemption of short-term investments		-	2,594,820
Dividend income		-	63,235
Profit on deposit accounts		**8,358**	32,913
		8,358	2,690,968
Income from non-financial assets:			
Scrap sales		**9,015,297**	14,654,006
		9,023,655	17,344,974
23. FINANCE COST			
Mark-up on:			
Running finance facilities		**39,236,422**	15,383,070
Money market facilities		**110,412,358**	70,142,157
Finance against trust receipts		**1,921,977**	-
Interest on WPPF	15.4	**523,359**	336,442
Profit on Islamic financing		**59,250,720**	21,048,077
Bank charges		**2,389,079**	3,522,661
		213,733,915	110,432,407
24. TAXATION - net			
Current		**2,507**	509,916
Super		**16,741,516**	-
Deferred		**88,027,706**	-
		104,771,729	509,916
25. CASH AND CASH EQUIVALENTS			
Bank balances	11	**3,277,231**	1,035,783
Short-term borrowings	16	**(3,688,949,031)**	(1,912,358,805)
		(3,685,671,800)	(1,911,323,022)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

26.1. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company seeks to minimise the credit risk exposure by dealing mostly with regular and permanent parties who pay on due dates.

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	Note	2018 Rupees	2017 Rupees
Long-term deposits		**5,535,400**	4,712,000
Trade debts		**603,281,754**	49,619,819
Trade deposits		**15,135,890**	7,874,091
Other receivables		**697,640**	740,754
Bank balances	26.1.1	**3,277,231**	1,035,783
		627,927,915	63,982,447

26.1.1. Bank balances – rating

Bank Balances by short-term rating category	Rating Agency	2018 Short Term	
		Rating	Rupees
National Bank	JCR-VIS	A-1+	**3,082,722**
Dubai Islamic Bank	JCR-VIS	A-1	**179,343**
Soneri Bank	PACRA	A-1+	**5,166**
Habib Bank Limited	JCR-VIS	A-1+	**10,000**
			3,277,231

26.1.2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company applies the prudent risk management policies by maintaining sufficient bank balances and by keeping committed credit lines. Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	----------	----------	(Rupees)	----------	----------
Trade and other payables	-	**534,996,981**	**3,526,643**	-	**538,523,624**
Short-term borrowings	-	**3,688,949,031**	-	-	**3,688,949,031**
2018	-	**4,223,946,012**	**3,526,643**	-	**4,227,472,655**
Trade and other payables	-	685,578,397	1,830,948	-	687,409,345
Short-term borrowings	-	1,912,358,805	-	-	1,912,358,805
2017	-	2,597,937,202	1,830,948	-	2,599,768,150

26.2. Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The company manages its interest rate risk by placing its excess funds in deposit accounts in banks. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings. All the borrowings of the Company are obtained in the functional currency. The analysis is made based on the assumption that all other variables remain constant.

	Increase / decrease in interest rates %	Effect on profit before tax Rupees
2018	**+1%**	**(36,889,439)**
	-1%	**36,889,439**
2017	+1%	(19,123,516)
	-1%	19,123,516

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. It mainly arises when receivables and payables exist due to transactions in foreign currency.

The following is the foreign currency exposure as at the reporting date:

	2018	2017
Trade payables - US Dollar	**2,117,611**	1,293,020
Trade payables – Euro	**48,588**	356,281

The following significant exchange rates have been applied at reporting dates:

	2018	2017
Exchange rate – US Dollar	**121.60**	105.00
Exchange rate – Euro	**141.57**	120.14

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and Euro exchange rates, with all other variables held constant, of the Company's loss before tax and the Company's equity.

	Change in USD / Euro rates (%)	Effect on profit before tax Rupees	Effect on equity Rupees
2018	**±10**	**26,438,010**	**26,438,010**
2017	±10	17,857,070	17,857,070

26.3. Fair value of financial instrument

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, advances, trade deposits, loans and other receivables and short-term investments. Financial liabilities consist of trade and other payables and short-term running finance. Short-term investments consist of investments in mutual funds. The fair values of financial instruments are not materially different from their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3. The investments in subsidiary is stated at cost less impairment, if any.

26.4. Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximise shareholders value. No changes were made in the objectives, policies or processes during the year ended June 30, 2018. The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and unappropriated profits. The gearing ratios as at June 30, 2018 and 2017 are 63% and 52% respectively.

27. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise the ultimate holding company, the holding company, subsidiary company, associated companies, directors and key management personnel. The transactions with related parties, other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

Relationship with the Company	Nature of transactions	2018 Rupees	2017 Rupees
Subsidiary	Investment in subsidiary	**400,000,000**	300,000,000
Associated entities / other related parties	Sale of goods	**13,408,686,555**	9,809,657,546
	Purchase of goods and services	**1,435,419,411**	2,682,224,018
	Sale of operating fixed assets	**2,133,998**	-
	Purchase of operating fixed assets	**76,958,929**	125,665,158
	Rent paid during the year	**155,963,062**	139,238,224
	Short-term investments made during the year	-	56,911
	Short-term investments redeemed during the year	-	21,576,428
	Dividends received during the year	-	63,235
	Donations paid during the year	**4,978,964**	3,599,464
	Contribution to retirement benefit funds during the year	**3,937,867**	2,753,995
	Insurance premium	**95,625,351**	68,680,438

27.1. The related parties' status of outstanding receivables and payables, if any, as at 30 June 2018 are disclosed in the respective notes to these unconsolidated financial statements.

28. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged during the year in respect of remuneration, including certain benefits, to the Chief Executive is as under:

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	**6,789,168**	-	**4,843,812**	6,171,972	-	6,699,360
House rent allowance	**3,055,128**	-	**2,179,716**	2,777,387	-	3,014,724
Cost of living allowance and utilities	**1,697,292**	-	**1,210,962**	1,542,993	-	1,674,840
Bonus	**961,799**	-	**684,455**	4,196,942	-	4,555,570
Retirement benefits	**746,808**	-	**532,824**	678,917	-	575,100
Medical	**50,000**	-	**150,000**	50,000	-	200,000
	13,300,195	-	**9,601,769**	15,418,211	-	16,719,594
Number of persons	**1**	**5**	**3**	1	5	4

28.1. In addition, the Chief Executive is provided with free use of Company maintained car and membership at club.

28.2. No amount has been paid or is payable by the Company on account of remuneration of Directors for the year.

28.3. Comparative figures have been included to reflect changes in the definition of executive as per Companies Act, 2017.

29. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for better presentation. However, there are no material reclassifications to report.

30. NUMBER OF EMPLOYEES

The number of employees as at year end were 53 (2017: 42) and average number of employees during the year were 48 (2017: 39). All factory workers are hired on contract basis.

31. DATE OF AUTHORISATION OF ISSUE

These unconsolidated financial statements were authorised for issue on 27 SEP 2018 by the Board of Directors of the Company.

32. CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as this depends upon the relative proportion of various types of lead products produced.

33. GENERAL

Figures presented in these unconsolidated financial statements have been rounded off to the nearest rupee, unless otherwise stated.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR